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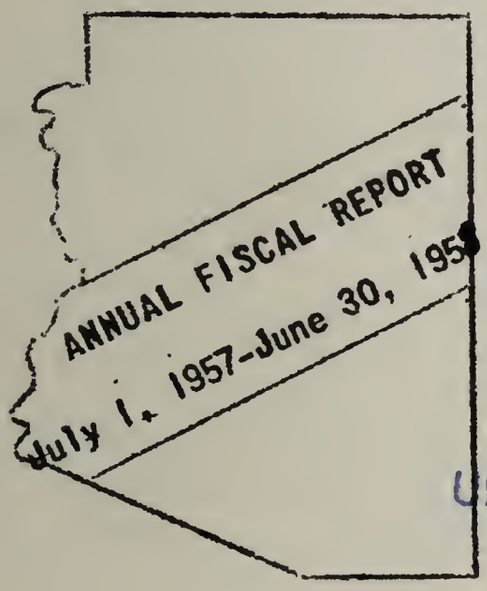
OLD AGE AND SURVIVORS' INSURANCE

STATE OF ARIZONA AND POLITICAL SUBDIVISIONS



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Employment Security Commission

of Arizona

September 1958

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA
P. O. Box 6123
Phoenix, Arizona

September 30, 1958

Members of the
Twenty-fourth Legislature
First Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

In accordance with the provisions of Section 38-707, Arizona Revised Statutes, the Employment Security Commission presents the annual report of the Old-Age and Survivors Insurance program for employees of the State of Arizona and its political subdivisions.

The report includes a summary of the activities of the Social Security Division, recommended legislative action, and tables showing the extent of OASI coverage, the cost of the program, statements of fiscal activities, and statements of contribution fund balances.

Respectfully submitted,

E. F. Vickers, Sr., Chairman

Gene Bogard, Vice-Chairman

W. P. Mahoney, Member

SOCIAL SECURITY DIVISION ACTIVITIES

OASI coverage of the employees of political subdivisions of the State continued to expand during this fiscal period. Approximately 99% of the eligible employees of the State departments, instrumentalities, political subdivisions, and school districts are now covered.

During the fiscal year, nine school districts covered or extended coverage to nonteaching employees, and one school district covered its teaching employees. Coverage was also extended to employees of four cities, two irrigation districts and one electrical district. The number of covered employees showed an increase of 2,743 during the fiscal year.

The Social Security Division of the Commission, as the administrative agent for the State and local governments, continued to process quarterly payroll reports and tax payments amounting to as high as $1,747,568.35 a quarter, to maintain accurate contribution and cost records, to transmit funds and reports to the Social Security Administration, and to determine and collect administrative cost charges. The unit cost of Arizona's administration is among the lowest in the Nation according to reports by the Regional Office of the Department of Health, Education and Welfare. (See page 4 for the Statement and Analysis of Administrative Costs).

Quarterly wage and contribution reports were received showing taxable wages, up to the $4200 per annum limitation, paid to the governmental employees of Arizona of $122,916,425.69. The employer and employee share of contributions paid on these wages amounted to $5,531,239.58.

A program of auditing payroll records of political subdivisions was started during the fiscal year. This program will be expanded to insure wages of employees are accurately reported under existing contracts insofar as approved budgetary grants will permit.

In previous annual reports the Commission has recommended appropriations to cover interest and contributions due from some State departments and instrumentalities for such periods prior to July 1, 1954. All contributions have been paid from special funds appropriated to the Commission for this purpose. Any contributions presently due from State departments and instrumentalities if appropriated would immediately revert to the general fund of the State. We therefore propose to take no further action to request an appropriation.

RECOMMENDED LEGISLATION

As directed by Section 38-707, Arizona Revised Statutes, the State Agency makes the following recommendations for legislative action necessary to correct or implement the Social Security Article.

Amend Section 38-704(E) to correct the interest penalty to six per cent per annum, computed on a monthly basis. Due to an error in Arizona Revised Statutes the interest was set at two per cent instead of the correct figure of six per cent as the statute previously provided. Provisions for this correction are contained in a bill which has been prepared for introduction at the next session of the Legislature.

Finally, the Commission again requests the Legislature to appropriate the sum of $50,000 to the Contribution Revolving Fund to provide the Fund with a necessary margin of safety because of the growth of coverage and the large sums of contributions payable to the Federal Agency. If any one of several large State departments of political subdivisions was unavoidably delinquent, the present Fund would be inadequate to pay the Federal taxes due. This legislation is also proposed in a bill to be presented to the Legislature.

SUMMARY OF OASI COVERAGE
June 30, 1958

	Total Subdivisions in State	Subdivisions Covered as of 6-30-58	Number of Employees Covered 6-30-57	Number of Employees Covered 6-30-58
State of Arizona	1	1	7,075	7,302
State Instrumentalities	3	3	2,355	2,718
Counties	14	14	5,330	5,387
Cities and Towns	55	46	4,079	4,306
School Districts	297	1/ 297	16,252	1/ 17,977
Accommodation Schools	9	1/ 9	131	1/ 185
Sanitary, Irrigation, and Power Districts	2/ INA	15	1,305	1,395
		385	36,527	39,270

1/ All school districts have obtained coverage for certificated teaching and administrative positions. Number of employees covered: 12,118.

One hundred ninety-four districts have obtained coverage for non-teaching employees. Number of employees covered: 6,044.

2/ Information not available.

SUMMARY OF ADMINISTRATIVE COSTS FOR FISCAL YEAR ENDING JUNE 30, 1958*

Quarter Ending	Personal Services	Payroll Taxes, Supplies, Equipment, Repairs, Rent, etc.	Total
September 30, 1957	$ 3,809.00	$ 911.53	$ 4,720.53
December 31, 1957	3,479.00	1,046.64	4,525.64
March 31, 1958	2,958.00	829.33	3,787.33
June 30, 1958	3,322.84	870.51	4,193.35
Totals	$13,568.84	$3,658.01	$17,226.85

* Administrative costs are charged on the basis of number of employees covered. The contribution fund is reimbursed by the political subdivisions of the State for the greater part of these costs.

ANALYSIS OF CONTRIBUTION FUND
AS OF JUNE 30, 1958

APPROPRIATION, CONTRIBUTION REVOLVING FUND			$ 50,000.00
Add:	Contributions Received (pending transmittal)	$52,949.45	
	Interest Collected	2,220.91	55,170.36
			$105,170.36
Deduct:	Funds Transferred to Administrative Cost Revolving Fund	11,995.98	
	Interest Paid	1,828.85	13,824.83
Balance - June 30, 1958			$ 91,345.53
APPROPRIATION, CONTRIBUTION FUND - STATE OF ARIZONA (after revert to State of Arizona General Fund April 29, 1955)			- 0 -
Add:	Reimbursement of Contributions Paid - State of Arizona Share		$ 13,763.97
Balance - June 30, 1958			$ 13,763.97
APPROPRIATION, CONTRIBUTION FUND - RETROACTIVE EMPLOYEE CONTRIBUTION FUND (after revert to State of Arizona General Fund April 29, 1955)			- 0 -
Add:	Retroactive Employee Contributions Collected		$ 144.11
Balance - June 30, 1958			$ 144.11

RECAPITULATION

Balance in Funds as of June 30, 1958		
Contribution Revolving Fund	$91,345.53	
Contribution Fund - State of Arizona	13,763.97	
Retroactive Employee Contribution Fund	144.11	
Cash in Bank, June 30, 1958		$105,253.61

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 1957 THROUGH JUNE 30, 1958

Cash in Bank July 1, 1957		$ 72,406.53
Add Receipts:		
Contributions	$5,588,438.46	
Interest	427.48	5,588,865.94
		$5,661,272.47
Deduct Disbursements:		
Contributions transmitted to Department of Health, Education, and Welfare	5,555,924.28	
Interest	94.58	5,556,018.86
Cash in Bank June 30, 1958		$ 105,253.61

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EMPLOYMENT SECURITY COMMISSION

OF

ARIZONA

FISCAL REPORT

ON

OLD-AGE AND SURVIVOR'S INSURANCE

FOR

THE STATE AND POLITICAL SUBDIVISIONS

JULY 1, 1956 - JUNE 30, 1957

September 1957

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA
P. O. BOX 6123
PHOENIX, ARIZONA

September 30, 1957

Members of the
Twenty-third Legislature
Second Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

In accordance with the provisions of Section 38-707, Arizona Revised Statutes, the Employment Security Commission presents the annual report of the Old-Age and Survivors' Insurance program for employees of the State of Arizona and its political subdivisions.

The report includes a summary of the activities of the Social Security Division, recommended legislative action, and tables showing the extent of OASI coverage, the cost of the program, statements of fiscal activities, and statements of contribution fund balances.

Respectfully submitted,

E. F. Vickers, Sr., Chairman

Gene Bogard, Vice Chairman

W. P. Mahoney, Member

SOCIAL SECURITY DIVISION ACTIVITIES

OASI coverage of the employees of political subdivisions of the State continued to expand during this fiscal period. All of the eligible employees of the state departments, the University and State colleges, the counties, and the teaching and administrative employees of all the school districts are now covered. The majority of the other employees are also covered. The only governmental employees remaining outside the OASI program are non-teaching personnel of school districts and employees of small towns.

During the fiscal year 18 school districts covered their non-teaching employees, two cities extended coverage to additional employees, and one town and one irrigation district covered their employees. Slightly more than 98 per cent of the eligible employees of State and local governmental units in Arizona are covered by OASI. Arizona ranks seventh in the Nation in the percentage of total possible employment covered by the governmental OASI program (see page 4 for an analysis of coverage).

The Social Security Division of the Commission, as the administrative agent for the State and local governments, continued to process quarterly payroll reports and tax payments amounting to as high as $1,600,000 a quarter, to maintain accurate contribution and cost records, to transmit funds and reports to the Social Security Administration, and to determine and collect administrative cost charges. The unit cost of Arizona's administration is among the lowest in the Nation according to reports by the Regional office of the Department

of Health, Education and Welfare (see page 4 for the Statement and Analysis of Administrative Costs).

Quarterly wage and contribution reports were received showing taxable wages, up to the $4200 per annum limitation, paid to the governmental employees of Arizona of $97,405,087.97. The employer and employee share of contributions paid on these wages amounted to $4,570,786.86.

RECOMMENDED LEGISLATION

As directed by Section 38-707, Arizona Revised Statutes, the State Agency makes the following recommendations for legislative action necessary to correct or implement the Social Security Article.

Amend Section 38-704(E) to correct the interest penalty to six per cent per annum, computed on a monthly basis. Due to an error in Arizona Revised Statutes the interest was set at two per cent instead of the correct figure of six per cent as the statute previously provided. Provisions for this correction are contained in a bill which has been prepared for introduction at the next session of the Legislature.

In previous annual reports the Commission has reported to the Legislature that there are past deficiencies in State department payments to the retroactive Contribution Fund. The Commission purposes to absolve the State departments and instrumentalities of this indebtedness and to write off the amounts as uncollectible unless advised to the contrary by the Legislature. The

alternate course is for the Legislature to appropriate the sum of $230,253.60 for the payment of these deficiencies.

Also for the 1955-1956 fiscal year there are 12 State departments who are delinquent in the payment of their contributions in the amount of $3,606.64. Supplementary wage reports were prepared by these departments for past periods outside of the current fiscal year. These obligations have been paid to the Federal government by the Commission and the Contribution Fund should be reimbursed by appropriation. The provisions necessary to remedy these deficiencies are contained in a bill prepared by the State Auditor for consideration of the Legislature.

Finally, the Commission again requests the Legislature to appropriate the sum of $50,000 to the Contribution Revolving Fund to provide the Fund with a necessary margin of safety because of the growth of coverage and the large sums of contributions payable to the Federal Agency. If any one of several large State departments or political subdivisions was unavoidably delinquent, the present Fund would be inadequate to pay the Federal taxes due. This legislation is also proposed in a bill to be presented to the Legislature.

SUMMARY OF OASI COVERAGE
June 30, 1957

	Total Subdivisions in State	Subdivisions Covered as of 6-30-57	Number of Employees Covered 6-30-56	Number of Employees Covered 6-30-57
State of Arizona	1	1	6,164	7,075
State Instrumentalities	3	3	2,205	2,355
Counties	14	14	5,144	5,330
Cities and Towns	51	42	3,788	4,079
School Districts	307	1/ 307	1/ 13,925	1/ 16,383
Sanitary, Irrigation, and Power Districts	2/ NA	13	1,141	1,305
		380	32,367	36,527

1/ All school districts have obtained coverage for certificated teaching and administrative positions under a single agreement between the State and the Department of Public Instruction. Number of employees covered -- 10,835.

Two hundred and nine districts have obtained coverage for non-teaching employees. Number of employees covered -- 5,548.

2/ Information not available.

SUMMARY OF ADMINISTRATIVE COSTS FOR FISCAL YEAR ENDING JUNE 30, 1957*

Quarter Ending	Personal Services	Payroll Taxes, Supplies, Equipment, Repairs, Rent, etc.	Total
September 30, 1956	$ 4,725.00	$1,058.71	$ 5,783.71
December 31, 1956	3,894.00	692.98	4,586.98
March 31, 1957	3,888.00	729.74	4,617.74
June 30, 1957	4,078.00	1,619.76	5,697.76
Total	$16,585.00	$4,101.19	$20,686.19

* Administrative costs charged on the basis of number of employees covered. The contribution fund is reimbursed by the political subdivisions of the State for the greater part of these costs.

ANALYSIS OF CONTRIBUTION FUND
AS OF JUNE 30, 1957

APPROPRIATION, CONTRIBUTION REVOLVING FUND			$50,000.00
Add:	Contributions Received (Pending Transmittal)	$20,439.29	
	Interest Collected	1,793.43	
	Reimbursement of Contributions Paid--State of Arizona Share	336.19	22,568.91
			72,568.91
Deduct:	Funds Transferred to Administrative Cost Revolving Fund	12,000.00	
	Interest Paid	1,734.27	13,734.27
Balance - June 30, 1957			$58,834.64
APPROPRIATION, CONTRIBUTION FUND - STATE OF ARIZONA (After Revert to State of Arizona-General Fund April 29, 1955)			- 0 -
Add:	Reimbursement of Contributions Paid - State of Arizona Share		$13,427.78
Balance - June 30, 1957			$13,427.78
APPROPRIATION, CONTRIBUTION FUND - RETROACTIVE EMPLOYEE CONTRIBUTION FUND (After Revert to State of Arizona-General Fund April 29, 1955)			- 0 -
Add:	Retroactive Employee Contributions Collected		$ 144.11
Balance - June 30, 1957			$ 144.11

RECAPITULATION

Balance in Funds as of June 30, 1957		
Contribution Revolving Fund	$58,834.64	
Contribution Fund - State of Arizona	13,427.78	
Retroactive Employee Contribution Fund	144.11	
Cash on Hand and in Bank, June 30, 1957		$72,406.53

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 1956 THROUGH JUNE 30, 1957

Cash on Hand and in Bank July 1, 1956		$ 60,227.67
Add Receipts:		
Contributions	$4,852,889.40	
Retroactive Employee Contributions	2.93	
Reimbursement of State's Share of Contributions	10.35	
Interest	487.73	4,583,390.41
		4,643,618.08
Deduct Disbursements:		
Contributions Transmitted to Department of Health, Education and Welfare	4,570,786.86	
Interest	424.69	4,571,211.55
Cash on Hand and in Bank June 30, 1957		$ 72,406.53

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EMPLOYMENT SECURITY COMMISSION

OF

ARIZONA

FISCAL REPORT

ON

OLD-AGE AND SURVIVORS' INSURANCE

FOR

THE STATE AND POLITICAL SUBDIVISIONS

JULY 1, 1955 - JUNE 30, 1956

September 1956

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA

P. O. BOX 6123
PHOENIX, ARIZONA

September 30, 1956

Members of the
Twenty-Third Legislature
First Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

The State Act which provided the benefits of Federal Old-Age and Survivors' Insurance to State and local governmental employees in Arizona placed the responsibility of administering the program in the Employment Security Commission.

This report is submitted in accordance with that enactment which also required the Commission to report to the Legislature each year its activities and its recommendations for amending the State law.

Respectfully submitted,

E. F. Vickers, Sr., Chairman

Gene Bogard, Vice-Chairman

W. P. Mahoney, Member

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COMMISSION ACTIONS

The Commission negotiated contracts for coverage, received payroll reports and tax payments, maintained contribution and cost records, transmitted funds and reports to the Social Security Administration, and determined and collected administrative cost charges. A schedule of taxes collected and transmitted is included in page 7 of this report.

The Commission authorized the acceptance of contribution payments, without adjustment, in cases in which the total amount of underpayment or overpayment by a state department or political subdivision does not exceed $0.25 for a calendar quarter. It also authorized the waiver of interest amounts, not in excess of $0.25, due on delinquent OASI contributions and administrative cost charges.

The Commission amended OASI regulations and documents to conform to Arizona Revised Statutes, which were effective January 9, 1956.

COVERAGE

The coverages completed during this fiscal year extended the advantages of the Federal OASI program to approximately 98 per cent of all eligible state and local government employees in Arizona. Teachers in the public schools, numbering 8,200, compose the largest single coverage group in the State. The Table on page 5 shows a summary of all state and political subdivisions covered as of June 30, 1956.

Of 302 school districts in the State, 102 have not covered approximately 150 employees other than teachers. The greater part of these noncovered districts support one or two room schools which require a minimum of service other than a teaching staff. Of 51 recognized towns and cities, 11 have not covered an estimated total of 75 employees.

During the fiscal year 33 school districts covered their non-teaching employees. Three new state departments, the Tucson State Office Building Committee, the State Surplus Property Agency, and the State Planning and Building Commission, automatically came into the program. The Tucson State Office Building Committee was terminated in January 1956. One town extended its coverage to include employees of the water department proprietary functions, and a city and an improvement district covered their employees.

PROGRAM FINANCING

The Legislature in its 1956 Regular Session appropriated $1,494.17 to pay delinquent and estimated employer contributions for four state departments, which had insufficient prior appropriations, for the fiscal year ending June 30, 1956. It also appropriated $504.08 to pay the employer contributions due from two state instrumentalities.

The 1955 Legislature appropriated $5,000.00 in the state budget for the State's pro rata share of administrative costs for the fiscal year ending June 30, 1956.

OTHER ACTIVITIES

In March 1956 the Commission arranged meetings for discussions of the functions of the OASI program in Phoenix and Tucson for more than 100 reporting officials of state departments and political subdivisions. These discussions were conducted by officials from Central and Regional offices of the Bureau of Old-Age and Survivors Insurance, Social Security Administration District offices in Arizona, and the Social Security Division of the Commission. Not only did these meetings answer many questions for the reporting units, but they also gave Central and Regional officials first-hand information on the operation and problems of the state and local coverage groups in Arizona.

Plans were made for changing individual department reporting to consolidated OASI reporting of state employees by the State Auditor necessitated by the installation of a centralized payroll system for state employees in the office of the State Auditor, effective July 1, 1956.

RECOMMENDATIONS

In accordance with the provisions of Section 38-707, Arizona Revised Statutes, the Commission recommends to the Legislature that they increase the amount of the Contribution Revolving Fund from $50,000 to $100,000. This amount is required because of the growth of coverage and the size of groups covered. If any one of several large state departments or political subdivisions were delinquent in pay-

ment of taxes, the present Fund would be insufficient to pay the Federal taxes by the due date to avoid the six per cent interest charge.

The Commission again recommends to the Legislature that they appropriate monies to meet the past deficiencies in payment to the Contribution Fund, or, as an alternative, authorize the Commission to write them off. A detailed statement of these obligations is on page 8 of this report. We must necessarily continue to carry these deficiencies on our records, but unless the Legislature indicates otherwise we will not include them in future annual reports.

SUMMARY OF OASI COVERAGE
June 30, 1956

	Total Subdivisions in State	Subdivisions Covered Through June 30, 1956	Number of Employees Currently Covered
State of Arizona	1	1	6,164
State Instrumentalities	3	3	2,205
Counties	14	14	5,144
Cities and Towns	51	41	3,788
School Districts	305	305 1/	13,925 2/
Sanitary, Irrigation, and Power Districts	INA 3/	12	1,141
		376	32,367

1/ Of these, 191 school districts have covered non-teaching positions in addition to their teaching positions.

2/ Certificated teaching and administrative positions in all school districts are covered under one agreement between the State and the Department of Public Instruction.

Non-teaching employees	4,446
Certificated teaching and administrative positions	9,479

3/ Information not available.

SUMMARY OF ADMINISTRATIVE COSTS FOR FISCAL YEAR ENDING JUNE 30, 1956 *

Quarter Ending	Personal Services	Supplies, etc.	Total
September 30, 1955	$ 4,214.00	$ 556.49	$ 4,770.49
December 31, 1955	3,280.00	1,324.53	4,604.53
March 31, 1956	3,746.00	1,108.52	4,854.52
June 30, 1956	4,064.00	567.14	4,631.14
Total	$15,304.00	$3,556.68	$18,860.68

* Administrative costs are charged on the basis of number of employees covered. The contribution fund is reimbursable by the political subdivisions of the State for the greater part of these costs.

ANALYSIS OF CONTRIBUTION FUND
AS OF JUNE 30, 1956

APPROPRIATION, CONTRIBUTION REVOLVING FUND			$50,000.00
Add:	Contributions Received	$ 6,934.59	
	Interest Collected	1,305.70	
	Reimbursement of Contribution Paid--State of Arizona Share	254.88	8,495.17
			58,495.17
Deduct:	Funds Transferred to Administrative Cost Revolving Fund	$10,500.00	
	Interest Paid	1,309.58	11,809.58
Balance - June 30, 1956			$46,685.59
APPROPRIATION, CONTRIBUTION FUND - STATE OF ARIZONA (After Revert to State of Arizona-General Fund April 29, 1955)			- 0 -
Add:	Reimbursement of Contributions Paid - State of Arizona Share since Revert		$13,427.78
Deduct:	Underpayment of Employees' Share of State Department Contribution		26.88
Balance - June 30, 1956			$13,400.90
APPROPRIATION, CONTRIBUTION FUND - RETROACTIVE EMPLOYEE CONTRIBUTION FUND (After Revert to State of Arizona General Fund April 29, 1955)			- 0 -
Add:	Retroactive Employee Contributions Collected since Revert		$141.18
Balance - June 30, 1956			$141.18

RECAPITULATION

Balance in Funds as of June 30, 1956		
Contribution Revolving Fund	$46,685.59	
Contribution Fund - State of Arizona	13,400.90	
Retroactive Employee Contribution Fund	141.18	
Cash on Hand and in Bank, June 30, 1956		$60,227.67

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 1955 THROUGH JUNE 30, 1956

Cash on Hand and in Bank July 1, 1955		$ 70,629.11
Add Receipts:		
Contributions	$3,807,792.35	
Retroactive Employee Contributions	108.04	
Reimbursement of State's Share of Contributions	4,539.48	
Interest	652.82	3,813,092.69
		$3,883,721.80
Deduct Disbursements:		
Contributions Transmitted to Department of Health, Education, and Welfare	3,822,852.12	
Interest	642.01	3,823,494.13
Cash on Hand and in Bank June 30, 1956		$ 60,227.67

STATEMENT OF EMPLOYER CONTRIBUTIONS
PAYABLE BY STATE INSTRUMENTALITIES
JANUARY 1, 1951 THROUGH JUNE 30, 1954

	Fiscal Years Ended				
	6-30-51	6-30-52	6-30-53	6-30-54	Total
For Salaries Paid by State Instrumentalities:					
University of Arizona	$16,338.18	$31,838.97	$37,072.14	$39,790.12	$125,039.41
Arizona State College, Tempe	8,669.02	16,047.15	2,938.69	21,850.54	49,505.40
State College, Flagstaff	2,542.91	4,591.70	1,085.88	6,269.99	14,490.48
State School for Deaf and Blind	419.39	1,101.82	1,530.40	1,911.81	4,963.42
	$27,969.50	$53,579.64	$42,627.11	$69,822.46	$193,998.71

UNIVERSITY OF ILLINOIS-URBANA
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Fiscal report on Old-Age and Survivors'

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EMPLOYMENT SECURITY COMMISSION

OF

ARIZONA

FISCAL REPORT

ON

OLD-AGE AND SURVIVORS' INSURANCE

FOR

THE STATE AND POLITICAL SUBDIVISIONS

JULY 1, 1954 - JUNE 30, 1955

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA

P. O. BOX 6123

PHOENIX, ARIZONA

September 30, 1955

Members of the
Twenty-Second Legislature
Second Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

The State Act which provided the benefits of Federal Old-Age and Survivors' Insurance to State and local governmental employees in Arizona placed the responsibility of administering the program in the Employment Security Commission.

This report is submitted in accordance with that enactment which also required the Commission to report to the Legislature each year its activities and its recommendations for amendments to the State law.

Respectfully submitted,

E. F. Vickers, Sr., Chairman

Gene Bogard, Vice-Chairman

W. P. Mahoney, Member

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COMMISSION ACTIONS

The Commission negotiated contracts for coverage, received payroll reports and tax payments, maintained contribution and cost records, transmitted funds and reports to the Social Security Administration, and determined and collected administrative cost charges. A breakdown of taxes collected and transmitted is included on page 7 of this Report.

The Commission created a Social Security Division to administer the Old-Age and Survivors' Insurance program for the State and its political subdivisions.

The Commission adopted OASI Regulation No. 6, defining wages, as related to remuneration paid in any medium other than cash; amended OASI Regulation No. 2, changing the interest rate on delinquent contributions from 2 per cent per annum, computed on a monthly basis, to 6 per cent per annum, computed on a daily basis; and amended OASI Regulation No. 4, defining "part-time" positions.

COVERAGE

The most significant growth in the coverage of employees of the state and its political subdivisions during this period was the extension of the Old-Age and Survivors' Insurance program to certificated teaching positions, most of which were under the Arizona Teachers' Retirement System. As stated in the 1954 Annual Report, the Social Security Act was amended to specifically provide that Arizona teachers, if they voted to come under Old-Age and Survivors' Insurance, could obtain retroactive coverage to January 1, 1951. As the result of this legislation, the Arizona Teachers' Retirement System

submitted two referendum questions to the teachers, who voted 5,643 to 623 to terminate the teachers' retirement system and obtain Old-Age and Survivors' Insurance and state retirement benefits, and they voted 5,058 to 1,024 for retroactive coverage to January 1, 1953.

The Arizona Teachers' Retirement System was given the responsibility for transmitting the retroactive reports for 1953 and 1954 to the Commission. They also were given the responsibility for making the employer and employee payments for the retroactive period from deposits in their fund. Any deficiency in employee or employer tax payments became the obligation of the particular county, which in turn was responsible for collecting from employees any tax payments due for their share in excess of the amount to their credit in the fund.

Payments were received for 6,898 teachers who were members of the Arizona Teachers' Retirement System and from 680 teachers who were not members of the System. For the two-year retroactive period $1,558,216.72 in tax payments was due on wages of $43,941,053.60, of which all but $769.46 has been collected. The counties owe $453.99 as employee contributions; one county owes $138.25 for the employer's share of the tax; and another political subdivision has a balance due of $177.22 for the employer's share.

As of January 1, 1955 tax payments were withheld from teachers' salaries and from county funds. Under an Attorney General's opinion, the counties were authorized to use funds already set aside for teachers' retirement for the payment of Old-Age and Survivors' Insurance and State retirement obligations.

During this fiscal year thirty-eight school districts covered their noncertificated employees. The employees of Navajo County became subject to coverage, which brought the employees of all counties in the state into the program. The Roosevelt Irrigation District at Buckeye covered its employees and the City of Tucson extended its coverage to include elective officials. The Board of Pest Control Applicators and the Arizona State Development Board, two new state departments, automatically came into the program. Negotiations were completed during the period for the coverage of employees of the town of Peoria and for the automatic inclusion of employees of the OASI Section of the State Vocational Rehabilitation Division of the State Department of Public Instruction. Table on page 5 shows coverage in this program as of June 30, 1955.

PROGRAM FINANCING

As recommended in the report for the prior fiscal period, the Legislature increased the interest rate on delinquent contributions to 6 per cent, effective July 1, 1955, to conform to the Federal interest rate, and authorized the Commission to audit payroll records of the participating departments and subdivisions.

The Legislature appropriated $280.22 to pay the delinquent employer contributions for the Dental Board, the Real Estate Board, the Board of Technical Registration, the Fair Commission, and the State Land Department, and appropriated $3,475.65 to the Racing Commission to pay the employer's contribution which was outstanding at the end of the last fiscal year for personnel paid on a fee basis.

Beginning July 1, 1954, an arrangement was made whereby each department provided for the employer's share of contributions in its budget as a line item appropriation under personal services, rather than as a blanket appropriation covering all State departments, as was done formerly.

The Legislature also appropriated $2,411.42 as reimbursement for the pro-rata share of OASI administrative costs for the State departments participating in the program, for the fiscal year ending June 30, 1954. Beginning July 1, 1954, the pro-rata share of administrative costs was taken care of from the $7,000.00 appropriated in the State budget for this purpose, so that in the future special appropriations by the Legislature will not be necessary.

By authority of Chapter 118, Laws of 1955, and Chapter 47, Laws of 1952, $304,699.73 was returned to the State General Fund. This was the balance remaining from moneys appropriated by Chapter 47, Laws of 1952, and Chapter 4, Laws of 1953.

RECOMMENDATIONS

In accordance with the provisions of Section 12-836, Arizona Code of 1939, the Commission, after due consideration, recommends to the Legislature that they appropriate moneys to meet the past deficiencies in payment to the Contribution Fund, or, as an alternative, authorization to the Commission to write off the deficiencies. A detailed statement of these deficiencies is on pages 8 and 9 of this Report.

SUMMARY OF OASI COVERAGE

	Total Subdivisions in State	Contracts Completed through June 30, 1955	Number of Employees Currently Covered
State of Arizona	1	1	5,243
State Instrumentalities	3	3	2,452
Counties	14	14	4,787
Cities and Towns	51	39	4,056
School Districts	322	322	13,131
Sanitary, Irrigation, and Power Districts	INA*	10	1,060
		389	30,729

* Information Not Available

SUMMARY OF ADMINISTRATIVE COSTS FOR FISCAL YEAR ENDING JUNE 30, 1955*

Quarter Ending	Personal Services	Supplies, etc.	Total
September 30, 1954	$ 1,861.00	$ 301.93	$ 2,162.93
December 31, 1954	1,673.00	350.30	2,023.30
March 31, 1955	2,969.00	1,059.95	4,028.95
June 30, 1955	4,359.00	937.65	5,296.65
Total	$10,862.00	$2,649.83	$13,511.83

* Administrative costs are charged on the basis of number of employees covered. The contribution fund is reimbursable by the political subdivisions of the State for greater part of these costs.

ANALYSIS OF CONTRIBUTION FUND
AS OF JUNE 30, 1955

APPROPRIATION, CONTRIBUTION REVOLVING FUND			$ 50,000.00
Add:	Contributions Received from Political Subdivisions and State Depts.	$ 21,994.36	
	Interest Collected on Delinquent Contributions	652.88	22,647.24
			$ 72,647.24
Deduct:	Funds Transferred to Administrative Cost Revolving Fund	$ 10,500.00	
	Interest Paid on Delinquent Transmittals	667.57	
	Employers' Contributions Paid for State Departments and Instrumentalities	3,126.45	14,294.02
Balance - June 30, 1955			$ 58,353.22
APPROPRIATION, CONTRIBUTION FUND - STATE OF ARIZONA			$900,000.00
Deduct:	Employer Contributions Paid for State Departments and Instrumentalities	$593,121.24	
	Underpayments of Employees' Share of State Departments Contributions	26.88	
	Reverted to State of Arizona - General Fund	294,609.13	887,757.25
Balance - June 30, 1955			$ 12,242.75
APPROPRIATION, CONTRIBUTION FUND - RETROACTIVE EMPLOYEE CONTRIBUTION OBLIGATION			$ 10,000.00
Deduct:	Retroactive Employee Contributions Receivable	$ 2,099.27	
	Reverted to State of Arizona - General Fund	7,867.59	9,966.86
Balance - June 30, 1955			$ 33.14

RECAPITULATION

Balance in Funds as of June 30, 1955		
Contribution Revolving Fund	$ 58,353.22	
Contribution Fund - State of Arizona	12,242.75	
Contribution Fund - Retroactive Employee Contribution Obligation	33.14	
Cash on Hand and in Bank, June 30, 1955		$ 70,629.11

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 1954 THROUGH JUNE 30, 1955

Cash on Hand and in Bank July 1, 1954		$ 285,251.54
Add Receipts:		
Contributions Received from Political Subdivisions and State Departments and Instrumentalities	$3,942,005.17	
Retroactive Employee Contributions, Received from State Departments and Instrumentalities, Not Covered by Public Employees Retirement Act	61.24	
State's Share of Contributions Reimbursed by State Departments and Instrumentalities	198,901.81	
Interest Received on Delinquent Contributions	233.85	
Appropriation to Reimburse Fund for Administrative Cost Paid for State Departments through June 30, 1954	2,411.42	4,143,613.49
		$4,428,865.03
Deduct Disbursements:		
Transmittals to Department of Health, Education, and Welfare-Political Subdivisions and State Departments and Instrumentalities	4,049,910.64	
Funds Transferred to Administrative Cost Revolving Fund	3,000.00	
Administrative Expense Attributed to State Departments through Quarter Ended June 30, 1954	376.58	
Interest Paid on Delinquent Transmittals	248.97	
Reverted to State General Fund:		
Appropriation, Contribution Fund - State of Arizona	294,609.13	
Appropriation, Contribution Fund-Retroactive Employee Contribution Obligations	7,867.59	
Appropriations to State Departments to Pay Contributions Not Otherwise Provided for	2,223.01	4,358,235.92
Cash on Hand and in Bank June 30, 1955		$ 70,629.11

STATEMENT OF EMPLOYER CONTRIBUTIONS
PAYABLE BY STATE INSTRUMENTALITIES
JANUARY 1, 1951 THROUGH JUNE 30, 1954*

	Fiscal Years Ended				
	6-30-51	6-30-52	6-30-53	6-30-54	Total
For Salaries Paid by State Instrumentalities:					
University of Arizona	$16,338.18	$31,838.97	$37,072.14	$39,790.12	$125,039.41
State College, Tempe	8,669.02	16,374.01	2,938.69**	21,850.54	49,832.26
State College, Flagstaff	2,542.91	4,591.70	1,085.88***	6,269.99	14,490.48
State School for Deaf and Blind	419.39	1,101.82	1,530.40	1,911.81	4,963.42
	$27,969.50	$53,906.50	$42,627.11	$69,822.46	$194,325.57

* No activity in these accounts since June 30, 1954.

** Payment of $15,926.35 from the Arizona Teachers' Retirement System in March 1953 applied against retroactive employer contributions for the period January 1, 1951 through December 31, 1952, in a lump sum payment and did not show allocation by quarters or years.

*** Payment of $4,283.12; same as ** above.

EMPLOYER CONTRIBUTIONS ATTRIBUTABLE TO
STATE DEPARTMENTS RECEIVING FEDERAL GRANTS
JANUARY 1, 1951 THROUGH JUNE 30, 1954

	Fiscal Years Ended				
	6-30-51	6-30-52	6-30-53	6-30-54	Total
Department of Health	$1,261.44	$ 2,935.38	$ 3,611.07	$ None	$ 7,807.89
Department of Public Welfare	3,506.55	9,295.52	12,192.01	None	24,994.08
Department of Vocational Education	250.18	612.78	752.77	607.38	2,223.11
Department of Vocational Rehabilitation	109.78	240.06	267.18	386.17	1,003.19
Governor's Council for On-The-Job Training	66.60	108.00	52.02	None	226.62
	$5,194.55	$13,191.74	$16,875.05	$993.55	$36,254.89

The foregoing amounts represent total employer contributions for these departments for the periods indicated. In most instances only a part of these amounts was payable by departments for salaries paid from Federal grants. Inasmuch as Federal funds were not available for these contributions, payments were made to the Federal Department of Health, Education, and Welfare from the Contribution Fund and we consider they are not payable by the departments. Certification was obtained from each of these units which verified that there were no available Federal funds from which these amounts could be paid.

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EMPLOYMENT SECURITY COMMISSION

OF

ARIZONA

FISCAL REPORT

ON

OLD-AGE AND SURVIVORS' INSURANCE

FOR

THE STATE AND POLITICAL SUBDIVISIONS

JULY 1, 1953 - JUNE 30, 1954

September 1954

EMPLOYMENT SECURITY COMMISSION OF ARIZONA

331.25
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1953/54

P. O. BOX 6123

PHOENIX, ARIZONA

September 30, 1954

Members of the
Twenty-Second Legislature
First Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

The State Act which provided the benefits of Federal Old-Age and Survivors' Insurance to State and local governmental employees in Arizona placed the responsibility of administering the program in the Employment Security Commission.

The enactment also required the Commission to report to the Legislature each year its activities and its recommendations for amendments to the State law. In conformity with state practice required by Section 13-199, of the Code, as amended by Chapter 114, Laws of 1954, this Report is submitted on a fiscal year basis rather than on a calendar year basis as heretofore. Consequently, this Report includes some matters already contained in the Annual Report for the calendar year ending December 31, 1953 to provide continuity in reporting the administration of this program.

Respectfully submitted,

James A. Beaman, Chairman
John M. Sakrison, Member
John H. Curnutte, Member

PROGRAM FINANCING

Many but not all of the problems arising under the obligation of the state and its political subdivisions to make payments into the Federal Treasury of employer and employee payroll taxes levied in connection with the Old-Age and Survivors' Insurance program were solved by action of the Twenty-First Legislature during its second regular session. With respect to Federal tax liabilities on wages paid state employees, provision was made for the 1954-1955 fiscal year for line item appropriations under personal services for state departments and agencies.

This method of financing the Federal tax obligation is a desirable solution to the continuing appropriation problem, except that problems arising from prior tax delinquencies were not solved by this method of appropriation. Those departments obliged to pay the employer tax from their own funds appropriated by the Legislature rather than from the General Fund of the state were not given authority to pay delinquencies incurred at the outset of the program.

The extent and amount of these delinquencies to the Employment Security Commission contribution fund out of which the Federal tax obligation is paid is contained in detail in the financial statement in this report.

A new problem arose when line item appropriations for the Federal tax did not include taxes on compensation paid on a professional fee basis for personal services. This was particularly applicable to the Arizona State Racing Commission where many services are compensated for from the

appropriation for professional fees. This remuneration for services, irrespective of legislative designation, constitutes wages on which the Federal tax is due. An opinion from the Attorney General's office to the State Racing Commission pointed out that a number of its employees whose remuneration was derived from the professional fee appropriation were in fact drawing wages or salaries for services performed, rather than fees, and that therefore they were subject to the Federal tax liability. The general appropriation bill neglected to include a specific appropriation to meet the tax on such wage payments. The same problem arose in the Land Department and may develop with respect to other departments.

$2,428.14 Legislative action during 1954 also included an appropriation to the contribution fund of ~~$2,324.14~~ to reimburse the Commission for expenditure for the state's pro rata share of administrative costs incurred in the administration of the Old-Age and Survivors' Insurance program. The balance of this administrative cost is derived from assessment, paid by the covered political subdivisions of the state.

In order to bring the administration and operation of the Old-Age and Survivors' Insurance program clearly within a fiscal year basis the Commission amended its Regulation pertaining to the payment of administrative expenses to require payments for a fiscal year period. The appropriations for the state's pro rata share of administrative expenses were for the period ending with the 1952-1953 fiscal year. Subsequent appropriations by the Legislature to the contribution fund for the state's share of administrative costs will be necessary for completed fiscal years commencing with the 1953-1954 fiscal year.

The Legislature in 1954 enacted a measure to assist political subdivisions in financing Old-Age and Survivors' Insurance and the supplemental retirement program by providing in Senate Bill 106, an exclusion from the budget limitation law amounts required to be paid for payroll taxes to finance such retirement programs.

Also coverage was extended by the Legislature by an amendment to Section 70-331, whereby employees of the State Workshop for the Blind were authorized to be included as state employees in the Old-Age and Survivors' Insurance program.

In addition to line item appropriations for future tax payments there also were submitted to the Legislature by the Commission proposed measures which included appropriations for past deficiencies on employer payrolls. These measures failed of enactment and the obligations of departments involved continue even though the tax required by the Federal government was paid by the Commission from its contribution fund in order to avoid Federal interest penalties.

EXTENSION OF COVERAGE TO SCHOOL TEACHERS AND OTHERS

In the 1953 annual report an account was given of the Legislature's attempt to obtain Old-Age and Survivors' Insurance coverage for school teachers through the abolishment of the Arizona Teachers' Retirement System and the inclusion of teachers in both the Federal and the state supplemental retirement systems. Federal officials having declined to accept this legislative effort, the Legislature during the Special Session in the fall of 1953 memorialized Congress in HJM Number 4 to amend the

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Federal law to permit such coverage.

During the 1954 session of the 83rd Congress extensive revision of the Social Security Act was made and part of these amendments were intended to permit coverage of public employees under an existing retirement system, provided that such employees voted to obtain coverage. It was determined that the Federal amendments would impose such an administrative burden upon the state in order to accomplish coverage of teachers that the desired result would be impractical of achievement. Consequently, a special amendment relating only to Arizona school teachers was introduced and enacted by the United States Congress following the close of this fiscal year.

It now appears that during the 1954-1955 fiscal year it will be possible to obtain Old-Age and Survivors' Insurance coverage for Arizona school teachers and thereby activate Chapter 137, Laws of 1953, whereby the teachers retirement system becomes merged with the state retirement system.

RECOMMENDATIONS

In accordance with the provisions of Section 12-836, Arizona Code of 1939, the Commission after due consideration recommends to the Legislature that action be taken on the following matters:

1. Appropriations to meet the past deficiencies in payment to the contribution fund, or as an alternative, authorization to the Commission to write off the deficiencies. Detailed statement of these deficiencies is attached to this report.

2. Authorization to the Commission to collect from fee basis departments and agencies if in the future there is an omission to make sufficient line item appropriations for such agencies.

3. Correction of the enabling Act to permit the collection of the same interest penalties from delinquent subdivisions as the state is required to pay to the Federal government for such delinquencies. The present state law provides a 2 per cent interest penalty whereas the Federal law requires the state to pay a 6 per cent penalty.

4. Specific authorization to the Commission to audit the payroll records of state departments and political subdivisions to avoid unintentional omissions of employees from wage records.

5. An appropriation to the State Board of Education to meet the employer obligation arising when school teachers are brought into the program, such appropriation to be made pursuant to the obligation upon the State Board under Chapter 137, Laws of 1953.

SUMMARY OF OASI COVERAGE

	Total Subdivisions in State	Contracts Completed through June 30, 1954	Number of Employees Currently Covered
State of Arizona	1	1	5,086
State Instrumentalities	3	3	1,749
Counties	14	13**	3,935
Cities and Towns	47	41	3,545
School Districts	322	104	2,579
Sanitary, Irrigation, and Power Districts	INA*	10	959
		172	17,853

* Information Not Available

** The remaining county elected coverage subsequent to June 30, 1954

SUMMARY OF ADMINISTRATIVE COSTS FOR FISCAL YEAR ENDING JUNE 30, 1954*

Quarter Ending	Personal Services	Supplies, etc.	Total
September 30, 1953	$1,742.00	$ 94.78	$1,836.78
December 31, 1953	2,536.00	369.19	2,905.19
March 31, 1954	2,211.00	470.08	2,681.08
June 30, 1954	1,166.00	242.84	1,408.84
Total	$7,655.00	$1,176.89	$8,831.89

* Administrative costs are charged on the basis of number of employees covered. The contribution fund is reimbursable by the political subdivisions of the State for greater part of these costs.

ANALYSIS OF CONTRIBUTION FUND
AS OF JUNE 30, 1954

APPROPRIATION, CONTRIBUTION REVOLVING FUND			$ 50,000.00
Add:	Contributions Received from Political Subdivisions	$ 12,813.26	
	Interest Collected on Delinquent Contributions	419.03	
	Appropriation for Administrative Expense of State Departments Through June 30, 1953	2,428.14	15,660.43
			$ 65,660.43
Deduct:	Funds Transferred to Administrative Cost Revolving Fund	$ 7,500.00	
	Administrative Expense Attributed to State Departments, Through March 31, 1954	4,462.98	
	Interest Paid on Delinquent Transmittals	418.60	12,381.58
Balance - June 30, 1954			$ 53,278.85
APPROPRIATION, CONTRIBUTION FUND - STATE OF ARIZONA			$900,000.00
Add:	Overpayment of Employee Contributions by State Departments and Instrumentalities	$ 133.02	
	Contributions Received from State Departments	16.80	149.82
			$900,149.82
Deduct:	Employer Contributions Paid for State Departments and Instrumentalities		675,943.25
Balance - June 30, 1954			$224,206.57
APPROPRIATION, CONTRIBUTION FUND - RETROACTIVE EMPLOYEE CONTRIBUTION OBLIGATION			$ 10,000.00
Deduct:	Retroactive Employee Contributions Receivable		2,233.88
Balance - June 30, 1954			$ 7,766.12

RECAPITULATION

Balance in Funds as of June 30, 1954		
Contribution Revolving Fund	$ 53,278.85	
Contribution Fund - State of Arizona	224,206.57	
Contribution Fund - Retroactive Employee Contribution Obligation	7,766.12	
Cash on Hand and in Bank, June 30, 1954		$285,251.54

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JULY 1, 1953 THROUGH JUNE 30, 1954

Cash on Hand and in Bank July 1, 1953		$ 521,829.00
Add Receipts:		
Contributions Received from Political Subdivisions	$1,216,988.98	
Employee Contributions Received from State Departments and Instrumentalities	316,890.32	
Retroactive Employee Contributions, Received from State Departments and Instrumentalities, Not Covered by Public Employees Retirement Act	11,940.75	
State's Share of Contributions Reimbursed by State Departments and Instrumentalities	68,212.52	
Interest Received on Delinquent Contributions	199.88	
Appropriation to Reimburse Fund for Administrative Cost Paid for State Departments through June 30, 1953	2,428.14	1,616,660.59
		$2,138,489.59
Deduct Disbursements:		
Transmittals to Department of Health, Education and Welfare:		
Political Subdivisions	$1,215,671.92	
State Departments and Instrumentalities	632,112.69	
Funds Transferred to Administrative Cost Revolving Fund	2,500.00	
Administrative Expense Attributed to State Departments through March 31, 1954	2,896.50	
Interest Paid on Delinquent Transmittals	56.94	1,853,238.05
Cash on Hand and in Bank, June 30, 1954		$ 285,251.54

STATEMENT OF EMPLOYER CONTRIBUTIONS
PAYABLE BY STATE DEPARTMENTS AND INSTRUMENTALITIES
JANUARY 1, 1951 THROUGH JUNE 30, 1954

	Fiscal Years Ended				
	6-30-51	6-30-52	6-30-53	6-30-54	Total
For Salaries Paid by State Departments Receiving Fees and Other Revenue:					
Dental Board			$ 4.50		$ 4.50
Real Estate Board			111.97		111.97
Board of Technical Registration			33.03		33.03
Fair Commission			117.69		117.69
			$ 267.19		$ 267.19
For Salaries Paid by State Instrumentalities:					
University of Arizona	$16,338.18	$31,838.97	$37,072.14	$36,014.85	$121,264.14
College at Tempe	8,669.02	16,374.01	1,533.45 1/	21,850.54	48,427.02
College at Flagstaff	2,542.91	4,591.70	1,085.88 2/	6,269.99	14,490.48
School for Deaf and Blind	419.39	1,101.82	1,530.40	1,911.81	4,963.42
	$27,969.50	$53,906.50	$41,221.87	$66,047.19	$189,145.06
Grand Total					$189,412.25

1/ Payment of $15,926.35 from the Arizona Teachers Retirement System in March 1953 applied against retroactive employer contributions for the period January 1, 1951 through December 31, 1952, in a lump sum payment and did not show allocation by quarters or years.

2/ Payment of $4,283.12; same as 1/ above.

EMPLOYER CONTRIBUTIONS ATTRIBUTABLE TO
STATE DEPARTMENTS RECEIVING FEDERAL GRANTS
JANUARY 1, 1951 THROUGH JUNE 30, 1954

	Fiscal Years Ended				
	6-30-51	6-30-52	6-30-53	6-30-54	Total
Department of Health	$1,261.44	$ 2,935.38	$ 3,611.07	$ None	$ 7,807.89
Department of Public Welfare	3,506.55	9,295.52	12,192.01	None	24,994.08
Department of Vocational Education	250.18	612.78	752.77	607.38	2,223.11
Department of Vocational Rehabilitation	109.78	240.06	267.18	386.17	1,003.19
Governor's Council for On-The-Job Training	66.60	108.00	52.02	None	226.62
National Guard-U.S. Property and Disbursing Officer	1,903.49	4,321.46	6,740.30	2,351.17	15,316.42
	$7,098.04	$17,513.20	$23,615.35	$3,344.72	$51,571.31

Note: The foregoing amounts represent total employer contributions for these departments for the periods indicated. In most instances only a part of these amounts was payable by departments for salaries paid from Federal grants. Inasmuch as Federal funds were not available for these contributions, payments were made to the Federal Department of Health, Education, and Welfare from the Contribution Fund and we consider they are not payable by the departments.

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EMPLOYMENT SECURITY COMMISSION

OF

ARIZONA

OLD-AGE AND SURVIVORS' INSURANCE

FOR

THE STATE AND POLITICAL SUBDIVISIONS

1954
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ANNUAL REPORT
FOR
CALENDAR YEAR ENDING
DECEMBER 31, 1953

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA

P. O. BOX 6123

PHOENIX, ARIZONA

January 11, 1954

Members of the
Twenty-First Legislature
Second Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

The State Act, extending to State and local governmental employees in Arizona the provision of the Federal Old-Age and Survivors' Insurance system embodied in the Federal Social Security Act, placed the responsibility of administering the program in the Employment Security Commission.

The enactment requires that the Employment Security Commission report to the Legislature each year its activities, together with its recommendations as to possible amendments to the State Act. In accordance therewith the following report for the calendar year 1953 is respectfully submitted to the Twenty-First Legislature at its Second Regular Session.

Respectfully submitted,

James A. Beaman, Chairman
John M. Sakrison, Member
John H. Curnutte, Member

11 Leg. Dir. of 1953, Sec.

ADMINISTRATION

This calendar year proved to be extremely significant for state employees because of the establishment and operation for the first time of a retirement and pension system. The Federal Old-Age and Survivors' Insurance program was made available in November 1952 but its administration by the Commission commenced in 1953. On July 1, 1953 a state retirement program, supplementary to Federal Old-Age and Survivors' Insurance, became operative. This retirement system was enacted by the Twenty-First Legislature as a result of the repeal of the non-operative 1948 retirement system for state employees. It was not until this inactive system had been repealed that the new program embodying both Old-Age and Survivors' Insurance and a retirement scheme could be accomplished by the Legislature.

Solution of most of the problems relating to departmental payroll reports and payment of employer and employee contributions to the Employment Security Commission for payment of the state's Old-Age and Survivors' Insurance obligation to the Federal government was achieved. New problems arose in the program due to amendment of Chapter 126, Laws of 1951, the State Old-Age and Survivors' Insurance enabling Act, whereby departments paying salaries from funds other than the General Fund were required to use such funds for payment of the Old-Age and Survivors' Insurance employer tax. Previously only those departments receiving Federal funds for salary purposes were required to use any such available funds. This amendment (Chapter 90, Laws of 1953) resulted in four categories of employer accounting and payments to the Commission.

The first group consisted of those departments whose employees are paid from the General Fund, with the employer share of Old-Age and Survivors' Insurance taxes drawn from the General Fund appropriations to the Employment Security Commission Contribution Fund.

The second category included those departments receiving all funds from sources other than the General Fund. Certain of these departments did not make provision during the year for use of these funds in payment of Old-Age and Survivors' Insurance employer taxes. Payment by these departments of amounts due can be provided for by specific appropriation by the Legislature.

The third category included those departments which received only part of their funds from sources other than the General Fund. These other sources included both Federal moneys and fees collected and appropriated back to the department by the Legislature. Here again, because payments were not paid to the Commission by all such departments, legislative appropriation is needed to provide funds for the state's share of employer contributions.

The fourth category included those instrumentalities of the state which were covered under separate agreements other than the agreement covering state employees generally. These instrumentalities have both special funds and appropriations from the General Fund, but due to their separate coverage agreements, they are required under the law to pay their entire employer tax into the Contribution Fund from their appropriated funds in the same manner as political subdivisions of the state. In view of this requirement of law legislative appropriation is needed for the payment of the employer obligation.

In order to protect the state from delinquency penalties in meeting its obligation to the Federal government, the Legislature foreseeing the problems of collection from departmental funds made an adequate appropriation of $500,000 (Chapter 4, Laws of 1953) to the Contribution Fund. The Commission, consequently, paid the state obligation to the Federal government from this Fund, even though a number of state departments and instrumentalities did not make the required payments. There were 18 departments and instrumentalities of the state who met their entire payment obligation from

moneys received from sources other than the General Fund. There were 20 state departments and instrumentalities who failed to make any payment or made only a partial payment of amount due from them.

The Legislature also appropriated $10,000 to the Commission (Chapter 47, Laws of 1952) as an advance toward employee Old-Age and Survivors' Insurance tax obligations for those employees who did not receive refunds from the repealed state retirement system from which retroactive employee Old-Age and Survivors' Insurance taxes could be deducted. This money was for use in meeting the state obligation prior to the completion of collection of the individual employee obligations. These collections have since been made except for a few individuals who owe small amounts and who are no longer employed by the state and are presently not available for effective collection action. The statement on page 7 shows $2,559.86 still owing as employee obligations which for the most part are now deemed to be uncollectible.

In addition to extension of the Old-Age and Survivors' Insurance program to state employees during the year, inauguration of the state supplemental retirement system followed legislative action. One of the measures in the supplemental program was Chapter 37, Laws of 1953, which authorized the termination of the Teachers' Retirement Act of 1943 and the coverage of all teachers of the state under Old-Age and Survivors' Insurance and thereupon their inclusion in the supplemental retirement system. In April 1953 the Governor submitted this legislation, together with an opinion of the Attorney General relating to the eligibility of teachers for Old-Age and Survivors' Insurance coverage, to the Secretary of the Department of Health, Education, and Welfare. The Secretary ruled that the attempt by the Legislature to change the employee status of school teachers from school district employees to state employees for retirement purposes failed to meet requirements of Federal law prohibiting Old-Age and Survivors' Insurance coverage for governmental employees under an existing retirement system. Further efforts of the Governor and the Commission to obtain

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reconsideration of this decision were made during November but were unavailing. It was concluded, therefore, that legislation covering school teachers under Old-Age and Survivors' Insurance and the supplemental retirement plan should be accomplished by repeal of the Federal provision prohibiting coverage of governmental employees under an existing retirement system. In support of this conclusion the Legislature at its special session in October 1953 enacted House Joint Memorial Number 4 requesting Congress to make such repeal.

The year also saw a material increase in the extension of the program to governmental employees in the state. The statement on page 6 indicates how extensive such coverage is. With the exception of school teachers, most governmental workers in Arizona have been given the benefits of Old-Age and Survivors' Insurance coverage.

Two major extensions of coverage were accomplished at the close of the year. The City Council of Tucson terminated an existing retirement system for its employees and obtained Old-Age and Survivors' Insurance coverage in an agreement with the Commission. The agreement was approved by the Federal department December 16, 1953.

The final major extension of coverage during the year was accomplished for the employees of the City of Phoenix. It was necessary to hold a public election to amend the City Charter in order to repeal the existing retirement system. The repeal was accomplished at an election held December 22 and the necessary agreements between the Commission and the City of Phoenix were entered into and approved by the Governor and the Federal department on December 30. Had the extension of coverage been delayed until January 1, 1954, the employees of the City of Phoenix would not have been entitled to the advantage of retroactive coverage to January 1, 1951.

In conclusion, the Commission has been assisted in solving the administrative problems involved in initiating this program through the full cooperation received from the state departments and political subdivisions.

RECOMMENDATIONS

In accordance with Chapter 126, Laws of 1951, providing that the Commission make annual recommendations to the Legislature for amendments to the law, the Commission submits the following matters for consideration:

1. That the 2 per cent delinquency penalty imposed on political subdivisions and state instrumentalities be increased to 6 per cent in conformity with the Federal law imposing a 6 per cent penalty upon the state for late reporting and payment.

2. That the Legislature provide the State employer share of Old-Age and Survivors' Insurance taxes due from state departments who receive appropriations from the General Fund or from their own funds by making a single appropriation for all such departments or by making a separate appropriation to each of these departments.

3. That specific authorization be enacted to permit the Employment Security Commission to assist state departments and political subdivisions in making accurate employee payroll reports through the use of a field auditor. (An audit and correction of past reports should eliminate future errors in reporting and will result in discovery of errors in past reports, thus avoiding a continuing imposition of a delinquency penalty by the Federal government and assuring payment of full benefits to employees upon retirement).

SUMMARY OF OASI COVERAGE

	Total Subdivisions in State	Contracts Completed through December 31, 1953	Number of Employees Currently Covered
State of Arizona	1	1	4,882
State Instrumentalities	3	3	3,174
Counties	14	13	2,607
Cities and Towns	47	40	4,031
School Districts	322	104	1,807
Sanitary, Irrigation, and Power Districts	INA*	9	911
		170	17,412

* Information not available

ADMINISTRATIVE COSTS FOR CALENDAR YEAR 1953*

Quarter Ending	Personal Services	Supplies, etc.	Total
March 31, 1953	$1,892.00	$ 439.63	$ 2,331.63
June 30, 1953	2,910.00	662.47	3,572.47
September 30, 1953	1,742.00	94.78	1,836.78
December 31, 1953	2,536.00	369.19	2,905.19
Total	$9,080.00	$1,566.07	$10,646.07

* Administrative costs are charged on the basis of number of employees covered. The contribution fund is reimbursable by the political subdivisions of the State for the greater part of these costs.

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ANALYSIS OF CONTRIBUTION FUND
AS OF DECEMBER 31, 1953

Appropriation, Contribution Revolving Fund		$ 50,000.00
Add: Contributions Received from Political Subdivisions to be Transmitted to Department of Health, Education & Welfare	$ 2,988.16	
Interest Collected on Delinquent Contributions	330.02	3,318.18
		$ 53,318.18
Deduct: Funds Transferred to Administrative Cost Revolving Fund	$ 7,500.00	
Administrative Expense, Attributed to State Departments, through September 30, 1953	3,289.80	
Interest Paid on Delinquent Transmittals	54.99	10,844.79
Balance in Contribution Revolving Fund - December 31, 1953		$ 42,473.39

* * * * * * * * * * *

Appropriation, Contribution Fund - State of Arizona	$900,000.00
Add: Net Overpayment of Employee Contributions by State Departments and Instrumentalities	134.42
	$900,134.42
Deduct: Net Employer Contributions Paid for State Departments and Instrumentalities	552,365.27
Balance in Contribution Fund - State of Arizona, December 31, 1953	$347,769.15

* * * * * * * * * * *

Appropriation, Contribution Fund - Retroactive Employee Contribution Obligation	$ 10,000.00
Deduct: Retroactive Employee Contributions Receivable	2,559.86
Balance in Contribution Fund - Retroactive Employee Contribution Obligation, December 31, 1953	$ 7,440.14

* * * * * * * * * * *

RECAPITULATION

Balance in Funds as of December 31, 1953		
Contribution Revolving Fund	$ 42,473.39	
Contribution Fund - State of Arizona	347,769.15	
Contribution Fund - Retroactive Employee Contribution Obligation	7,440.14	
Cash on Hand and in Bank, December 31, 1953		$397,682.68

CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JANUARY 1, 1953 THROUGH DECEMBER 31, 1953

Cash on Hand and in Bank, January 1, 1953		$ 59,252.35
Add Receipts:		
State Appropriation, Contribution Fund:		
Appropriated in 1952, Received in 1953	$ 400,000.00	
Appropriated in 1953, Received in 1953	500,000.00	
Special Appropriation for Retroactive Employee Contributions	10,000.00	
Contributions Received From Political Subdivisions	749,646.87	
Employee Contributions Received From State Departments and Instrumentalities	247,792.06	
Retroactive Employee Contributions Received From State Departments and Instrumentalities:		
Covered by Public Employees Retirement Act	323,277.09	
Not Covered by Public Employees Retirement Act	66,072.33	
State's Share of Contributions Reimbursed by State Departments and Instrumentalities	87,968.48	
Interest Received on Delinquent Contributions	319.84	2,385,076.67
		$2,444,329.02
Deduct Disbursements:		
Transmittals to Department of Health, Education and Welfare:		
Political Subdivisions	$ 757,650.22	
State Departments & Instrumentalities	1,280,650.42	
Funds Transferred to Administrative Cost Revolving Fund	5,000.91	
Administrative Expense, Attributed to State Departments, through September 30, 1953	3,289.80	
Interest Paid on Delinquent Transmittals	54.99	2,046,646.34
Cash on Hand and in Bank, December 31, 1953		$ 397,682.68

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EMPLOYMENT SECURITY COMMISSION
OF
ARIZONA

OLD-AGE AND SURVIVORS' INSURANCE
FOR
THE STATE AND POLITICAL SUBDIVISIONS

ANNUAL REPORT
FOR
CALENDAR YEAR ENDING
DECEMBER 31, 1952

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EMPLOYMENT SECURITY COMMISSION OF ARIZONA

P. O. BOX 111

PHOENIX, ARIZONA

January 12, 1953

Members of the
Twenty-First Legislature
First Regular Session
State Capitol
Phoenix, Arizona

Gentlemen:

The State Act, extending to State and local governmental employees in Arizona the provision of the Federal Old-Age and Survivors' Insurance system embodied in the Federal Social Security Act, placed the responsibility of administering the program in the Employment Security Commission.

The enactment requires that the Employment Security Commission report to the Legislature each year its activities, together with its recommendations as to possible amendments to the State Act. In accordance therewith the following report for the calendar year 1952 is respectfully submitted to the Twenty-First Legislature at its First Regular Session.

Respectfully submitted,

James A. Beaman, Chairman
John M. Sakrison, Member
John H. Curnutte, Member

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ADMINISTRATION

The Twentieth Legislature, in its First Regular Session, enacted the measure extending to State and local governmental employees in Arizona, the provision for Federal Old-Age and Survivors' Insurance system embodied in the Federal Social Security Act. In its Second Regular Session in 1952 the Twentieth Legislature made significant amendments to the enabling Act, the most important of which was the provision referred to a vote of the people, which as an alternative to continuance of the Public Employees Retirement System, provided that such system should be terminated and Federal Old-Age and Survivors' Insurance extended to all State employees. Termination of the State Retirement System before extension of Federal coverage was necessary under Federal law which prohibited Federal coverage of governmental employees who were under an existing retirement system. House Concurrent Resolution No. 4, having been adopted by a vote of the people in the General Election and having been proclaimed law by the Governor on November 24, 1952, the provisions of Chapter 47, House Bill No. 104, of the Second Regular Session of the Twentieth Legislature, providing for coverage of State employees under the Federal System became effective. On November 25, 1952, the Social Security Administrator signed a contract with Governor Pyle, acting on behalf of the State, providing for coverage of all State employees.

This action required the preparation and adoption of a plan of administration by the Employment Security Commission in cooperation with the State Auditor in conformity with the provisions of Chapter 47, Laws of 1952.

The agreement entered into with the Federal Government provided for retroactive coverage to January 1, 1951, of all employees on the State payroll on November 25, 1952, the date of execution of the contract. This necessitated extensive investigation of the work history and wages of all State employees, and pointed up the possible need for the establishment of a centralized payroll record system within the State government. At present neither the State Auditor nor any other State Agency or Department is provided with authority or necessary appropriation to maintain State personnel records. In order to obtain an accurate work and payroll history of State employees, a questionnaire was circulated by the State Auditor's office to all employees so that those employees who served in

more than one department, between January 1, 1951 and November 25, 1952, would be assured of complete retroactive coverage for such services.

The Employment Security Commission and the State Auditor were confronted with an additional problem when coverage of State employees was accomplished with respect to financing payment of State contributions to the Federal system, since the State is liable for payment of the full amount of the Federal tax. Chapter 126, Laws of 1951, the enabling Act, permitting Federal coverage, provided that employees would be liable to the State for their share of the Federal tax. This necessitated State Departments making collections of taxes from employees for retroactive coverage. Chapter 47 provided that the retroactive obligation of employees would be deducted from refunds obtained as a result of the Public Employees Retirement System; however, the Attorney General ruled in an Opinion that liquidation of the existing retirement system, within the meaning of the Federal law, was not accomplished unless full refunds were made to employees. Since there were additional technical obstacles to making the refunds provided in Chapter 47, Laws of 1952, which could be overcome only by legislative action, the Employment Security Commission determined that collection of the employees' share of the taxes for those employees entitled to refunds of Public Employee Retirement payments should not be required until the Legislature had an opportunity to make further provisions in this regard. For all employees who had not been subject to the Public Employees Retirement System, and therefore, were not entitled to refunds, authority was granted by the Commission to the departments to deduct the amount required for retroactive taxes over a six-months period, except for those employees whose services were being terminated within the six-months period and, as to those employees, deducting the balance due on retroactive taxes from the final paycheck of such terminated employees.

The State's share of the Federal tax due for retroactive coverage is to be paid from a $400,000 appropriation to the Employment Security Commission Contribution Fund, made by the Legislature in 1952 as one of the alternative appropriations in Chapter 47. The costs of administering the Old-Age and Survivors' Insurance program for State employees are being paid by the Employment Security Commission from the $50,000 appropriation to the Employment Security Contribution Fund. In order to maintain this fund in the amount originally established, it will be necessary for the Legislature to provide further appropriations.

Governor Pyle called a meeting in December of all Budget and Fiscal Officers of State Departments and Agencies. At this meeting, an explanation was given of the method of financing and administering the program and the responsibility of the departments in making tax deductions and quarterly payroll reports required by the Federal Government.

Since this major undertaking of coverage of State employees was begun at the close of the year, no reports or payments were made in 1952; however, quarterly reports for retroactive coverage are due from all departments to the State Auditor for checking not later than January 15, 1953. Prior to February 24, 1953, the Employment Security Commission will be required to compile these departmental reports and submit them together with tax payment for the first two years of coverage. Thereafter, reporting and tax payments will be continued on a quarterly basis.

The Commission urgently recommends to the Legislature that appropriate and necessary amendments and additions to the law be made at the outset of the First Session of the Twenty-First Legislature so that the State will not incur delinquencies in making its reports and payments to the Federal Government.

Although Chapter 47 provided that all eligible State employees should be covered under the Federal system, it was found impossible to accomplish this under a single contract; consequently, the Commission successfully negotiated contracts with three State instrumentalities, which under the Federal law have the status of separate political subdivisions. These three instrumentalities were the Board of Regents of the University and State Colleges of Arizona, the Arizona State School for the Deaf and the Blind, and the Arizona Power Authority. Prior to entering into a contract with the Board of Regents, it was deemed advisable to permit the teachers employed in the two State Colleges who were paying into the Teachers Retirement System an opportunity to withdraw from this system so that they, as well as the teachers at the University, would be subject to the Federal system. A vote of the teachers of the two colleges, authorized by the Board of Regents, resulted in a certification of their desire to withdraw from the Teachers Retirement System. As a result, a contract was entered into with the Board of Regents, effective December 30, 1952, and such action terminated, effective that date, the participation of the college teachers in the Teachers Retirement System. In accordance with Chapter 143, Senate Bill No. 20 of the Second

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Regular Session of the Twentieth Legislature, the modification of the State contract with the Federal Government which provided for the inclusion of all employees of the Board of Regents was approved and executed on December 31, 1952.

Another significant amendatory provision enacted by the Legislature in 1951 was that agencies receiving Federal grants-in-aid should pay the State's share of the Federal taxes for their employees to the extent funds are available from such grants. As a corollary to this amendment, it may be desirable that State Agencies whose administrative funds are derived from sources other than line appropriation from the general fund likewise shall be required to pay the State's share of the Federal tax on their employees from such funds. This applies to such boards and bureaus that receive an appropriation of a percentage of their collections, and those departments and agencies that derive revenue for their operations not payable into the general fund.

Also, since the Federal law now permits that agreements made not later than December 31, 1953, may be retroactive to January 1, 1951, it is deemed desirable that the Legislature further extend the retroactive feature of the State law to conform with the Federal provision.

In addition to providing for coverage of State employees, as set forth above, the Employment Security Commission entered into contracts for coverage with political subdivisions of the State during 1952. One of the largest was the Salt River Project Agricultural Improvement and Power District, which is a corporate unit of the Water Users Association. Coverage was accomplished for these employees only after the Board of Governors had abolished an existing retirement system for its employees, in a manner meeting Federal approval. It is noteworthy that immediately after the abolishment of the existing retirement system and the extension of Federal coverage, the Board of Governors reinstated the previous retirement system as a supplementary program to the new Federal system. Such action was permissible under Federal law even though Federal law prohibits extension of the Federal system while the employees are under an existing retirement system.

Only one regulation was adopted by the Commission during 1952, as additional to the four adopted in 1951. OASI Regulation No. 5 was adopted specifically to define the responsibility of State departments for reports and taxes. All regulations of the Commission pertaining to

this program have been filed with the Secretary of State, in conformity with the Administrative Procedures Act, adopted by the Second Regular Session of the Twentieth Legislature.

At the close of 1952 the Commission had negotiated agreements with 11 counties, 36 municipalities, 92 school districts, and 7 miscellaneous political subdivisions, exclusive of the State and its instrumentalities. It is estimated that this program as of December 31, 1952 covers approximately 13,000 employees, and that 85 per cent of these employees are covered retroactively to January 1, 1951. It will not be possible to determine the exact number of State employees covered until quarterly wage reports have been received by the Employment Security Commission.

Administrative costs for the operation of the program in 1952 have been collected from the contracting political subdivisions for the period ending September 30, 1952. Beginning October 1, 1952, the State and political subdivisions will pay their prorata share of the cost, based upon the number of their employees in relation to the total number of covered employees. The determination of this cost and the assessment to the political subdivisions and the charge to the account of the Contribution Fund will be made after reports have been received from State departments. Total costs at the close of the calendar year amounted to $3,818.85.

RECOMMENDATIONS

In accordance with Chapter 126, Laws of 1951, providing that the administration of the Federal system of Old-Age and Survivors' Insurance for State employees and political subdivisions be vested in the Employment Security Commission, and further requiring the Commission to make annual recommendations to the Legislature for amendments to the law, the following are submitted:

1. That a system be adopted for payment of the employees' share of the Federal taxes for coverage for 1951 and 1952 for those employees entitled to refunds in the liquidation of the Public Employees Retirement System.

2. That coverage prior to December 31, 1953 may be retroactive to January 1, 1951.

this program have been filed with the Secretary of State, in conformity with the Administrative Procedure Act, adopted by the Second Regular Session of the Twentieth Legislature.

At the close of 1952 the Commission had consummated agreements with 11 counties, 36 municipalities, 72 school districts, and 7 miscellaneous political subdivisions, exclusive of the State and its instrumentalities. It is estimated that this program as of December 31, 1952 covers approximately 13,500 employees, and that 85 per cent of those employees are covered retroactively to January 1, 1951. It will not be possible to determine the exact number of State employees covered until quarterly wage reports have been received by the Employment Security Commission.

Administrative costs for the operation of the program in 1952 have been collected from the participating political subdivisions for the period ending September 30, 1952. Beginning October 1, 1952, the State and political subdivisions will pay their prorata share of the costs, based upon the number of their employees in relation to the total number of covered employees. The determination of this cost and the assessment to the political subdivisions and the charges to the account of the Contribution Fund will be made when reports have been received from State departments. Total costs at the close of the calendar year amounted to $7,919.07.

RECOMMENDATIONS

In accordance with Chapter 120, Laws of 1951, providing that the administration of the Federal System of Old Age and Survivors' Insurance for State employees and political subdivisions be vested in the Employment Security Commission, and further requiring the Commission to make annual recommendations to the Legislature for amendments to the law, the following are submitted:

1. That a system be adopted for payment of the employees' share of the federal taxes for coverage for 1951 and 1952 for those employees entitled to coverage by the liquidation of the Public Employees Retirement System.

2. That coverage prior to December 31, 1953 may be retroactive to January 1, 1951.

3. That the 2 per cent delinquency penalty imposed on political subdivisions and State instrumentalities be increased to a 6 per cent penalty in conformity with the Federal law imposing a 6 per cent penalty upon the State for any delinquency.

4. That an annual appropriation from the General Fund be made to the Employment Security Contribution Fund for the purpose of paying the State's share of the administrative costs.

5. That an annual appropriation to the Employment Security Contribution Fund be made for the purpose of paying the State's share of the tax imposed by the Federal Government.

CONTRACTS COMPLETED, DECEMBER 31, 1952

	Total Subdivisions in State	Contracts Completed During 1951		Contracts Completed During 1952		Total Completed Contracts December 31, 1952	
		No. of Sub-divisions	No. of Jobs Covered	No. of Sub-divisions	No. of Jobs Covered	No. of Sub-divisions	No. of Jobs Covered
State of Arizona	1	0	0	1	INA*	1	INA*
Instrumentalities of State	3	0	0	3	INA*	3	INA*
Counties	14	10	2,233	1	908	11	3,141
Cities and Incorporated Towns	47	29	911	7	202	36	1,113
School Districts	322	65	1,656	27	318	92	1,974
Sanitary, Irrigation, and Power Districts	INA*	3	72	4	717	7	789
		107	4,872	43	2,145	150	7,017**

* Information not available.
** Exclusive of the State and its instrumentalities.

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Administrative costs for the calendar year 1952 were as follows:

Quarter Ending	Personal Services	Supplies, etc.	Total
March 31, 1952	$ 710.00	$ 149.37	$ 859.37
June 30, 1952	637.00	87.64	724.64
September 30, 1952	556.00	65.25	621.25
December 31, 1952	1,462.00	151.59	1,613.59
	$ 3,365.00	$ 453.85	$ 3,818.85

OLD-AGE AND SURVIVORS' INSURANCE CONTRIBUTION FUND

Emp. Sec. Comm. Contribution Fund January 1, 1952		$ 80,047.67	
Less: Administrative Cost Advance February 29, 1952		1,000.00	
			$ 79,047.67
Contribution Payments			
Quarter Ending 3-31-52	$ 114,924.61		
Quarter Ending 6-30-52	103,346.19		
Quarter Ending 9-30-52	115,216.09		
Quarter Ending 12-31-52	226,860.79		
		560,347.68	
Interest Payments			
Quarter Ending 3-31-52	.28		
Quarter Ending 6-30-52	5.21		
Quarter Ending 9-30-52	1.07		
Quarter Ending 12-31-52	3.90		
		10.46	
			560,358.14
			639,405.81
Less: Contributions Transmitted to U. S. Treasury		580,153.18	
Interest Transmitted to U. S. Treasury		.28	
			580,153.46
Balance on Hand in Bank December 31, 1952			$ 59,252.35

BANK BALANCE DECEMBER 31, 1952

Employment Security Commission			
Contribution Fund Appropriation		$ 50,000.00	
Less: 1951 Administrative Cost Advance	$ 1,500.00		
1952 Administrative Cost Advance	1,000.00	2,500.00	
Contribution Fund			$ 47,500.00
Advance Payments: City & Towns	1,357.90		
School Districts	10,119.22		
Counties	129.41		
State Employees' Retroactive Tax	759.93		
		12,366.46	
Less: Underpayments: City & Towns	279.44		
School Districts	335.10		
Counties	9.75		
		624.29	
			11,742.17
Interest Collections on Hand			10.18
Balance on Hand in Bank December 31, 1952			$ 59,252.35

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